

September 25, 2002

Opening Statement for Congressman Paul E. Gillmor
House Financial Services Committee Subcommittee on Financial Institutions and
Consumer Credit
“The Future of Electronic Checking – Check 21”

I would like to thank Chairman Bachus for holding this important hearing this morning and allowing us to learn industry opinions on this piece of legislation. I am glad to see two witnesses with us here today visiting from my home state of Ohio, Mr. Joe Biggerstaff of AirNet Systems based in Columbus and Mr. Lee Schram of NCR located in Dayton.

As we all observed in the days following September 11th, systems dependent on the movement of time-sensitive materials nationwide must be prepared if the steady flow of air and ground transportation is interrupted.

It is clear that the current check-clearing system in this country is in need of modernization to reduce or end dependence on paper checks that must be physically transported. I am glad to see that the Federal Reserve has already conducted a study on this issue and has expressed their support for increased electronic truncation to bring these procedures into the 21st century.

This morning, I am interested in learning the ability of all parties involved to adapt to this new system within the timeline provided, as not all banks nationwide are currently equipped to accept electronic check transmissions. The substitute check proposal is very important in this regard and I am glad to see it included in the proposal. The needs of small financial institutions must be fully considered throughout this debate.

Again, I look forward to learning the impact this modernization proposal will have on the businesses represented by our witnesses and to an informative dialogue.